

## **MAJOR ECONOMIC DEVELOPMENT (MED) PROGRAM**

The MED program is designed to assist businesses that will invest private funds and create jobs as they expand in or relocate to Wisconsin.

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### **ELIGIBILITY:**

To be eligible for consideration under the MED program, the project must:

1. Involve significant capital investment relative to the state of Wisconsin as a whole.
- OR**
2. Involve the retention or creation of a significant number of jobs in the political subdivision where the project is located.

### **ELIGIBLE ACTIVITIES:**

- Construction and expansion
- Working capital
- Acquisition of existing businesses, land, buildings, and equipment

*Note: Refinancing is not an eligible activity.*

### **LEVEL OF PARTICIPATION:**

Commerce's level of participation in MED projects ranges between \$3,000 and \$10,000 per full time job created. The actual amount of participation is dependent upon factors such as:

- The viability of the project
- The number and nature of the jobs created
- The project's economic impact upon the community
- The collateral position available
- The amount of private funds leveraged

### **LEVERAGE REQUIREMENTS:**

Applicants are typically required to provide at least 50% of the total eligible project costs from sources other than the State of Wisconsin.

### **FINANCE TERMS AND CONDITIONS:**

#### **INTEREST RATE:**

The Department of Commerce will provide below market interest at a fixed rate for the life of the loan (typically 4%).

#### **TERMS:**

- Working Capital-5 to 7 years
- Equipment-5 to 10 years
- Real Estate-12 year term amortized over 20 years

#### **COLLATERAL:**

The Department of Commerce will seek the best collateral position possible to ensure that MED loans are adequately secured.

#### **REPAYMENT:**

Monthly payments of the principal and interest are required.

*Note: Personal guarantees are required.*

### **THE APPLICATION PROCESS:**

The MED application process involves four steps:

1. Interested applicants must first talk with the local Area Development Manager (ADM). The ADM will visit the site and discuss the project with the applicant to gather preliminary project information. In addition, the ADM may identify other programs that could potentially assist the applicant.

2. The ADM will submit the preliminary project information to the Department for review by a Finance Specialist.
3. The Finance Specialist will underwrite the project and make a funding recommendation to the Secretary's Office. The Secretary's Office will:
  - A. Deny the proposal, in which case the applicant will receive a letter outlining the reasons for denial.
  - OR**
  - B. Make a positive funding recommendation, in which case the applicant will receive a preliminary commitment letter fully detailing the terms and conditions of the Department's proposed participation.
4. If a positive recommendation is made, the final step is for the project to be presented to and approved by the Wisconsin Development Finance (WDF) Board.

Businesses should have the following information available when they meet with the local ADM:

- ☐ Background information on the company.
- ☐ A description of the project.
- ☐ A detailed project budget.
- ☐ Both existing and projected (3 yrs.) information on employment levels, wages and benefits.
- ☐ A project timeline.
- ☐ Balance sheet, profit and loss, and cash flow statements for the last three fiscal years, and the most recent interim statement.
- ☐ Three years of financial projections with notes covering all significant assumptions.

For the first year, provide monthly balance sheets, profit and loss, and cash flow statements.

For the second and third years, provide fiscal year-end balance sheets, profit and loss, and cash flow statements.

- ☐ Personal Financial Statements for principals with ownership of 20% or greater. Statements should be signed and include Social Security numbers, phone numbers and home addresses.

**NOTE:** All financial statements should be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Region 1: Marty Ambros	715/836-2630
Region 2: Deb Clements	715/344-1381
Region 3: Dennis Russell	920/498-6302
Region 4: William Winter	608/647-4613
Region 5: Kathy Heady	608/266-9944
Region 6: David Martens	608/261-7711
Bureau Director: John Stricker	608/261-7710

